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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SYNOPSYS, INC.,

Plaintiff,

vs.

RICOH COMPANY, LTD.,

Defendant.

CASE NO. C-03-2289-MJJ

**RICOH'S REPLY IN SUPPORT OF ITS
MOTION FOR APPROVAL OF
PROTECTIVE ORDER, AND OPPOSITIONS
TO SYNOPSYS' CROSS-MOTION FOR
APPROVAL OF SYNOPSYS' PROPOSED
PROTECTIVE ORDER**

Date: February 10, 2004

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I. INTRODUCTION

Ricoh would gladly accept this Court's endorsement of the protective order that was negotiated by counsel for all parties before the related action was transferred to this Court from Delaware, and entered by Delaware District Court Judge Sleet. After having its counsel negotiate that protective order as the representatives of the defendants in that case, however, Synopsys wants to reject it and instead urge this Court to impose extraordinary limits on the ability of Ricoh and its experts to review the software that Synopsys itself deliberately and intentionally placed at issue in its declaratory judgment action. Synopsys' proposal would place an inappropriate burden upon the ability of Ricoh's experts and attorneys to evaluate, test, and report on the operation of the relevant software code, and of necessity, invades the work product privilege. Synopsys' proposal subjects each evaluation session to oversight by Synopsys. It limits the time that the work may be done and places Ricoh's attorneys review under Synopsys' control.

By contrast, Ricoh's proposal balances the interests of the parties by placing the software solely within the control of Ricoh's counsel, within a secure facility, in a locked, restricted access room, and on a non-networked computer. The procedures proposed by Ricoh are the same that Ricoh's counsel utilizes in litigation for the protection of highly confidential materials produced in government contract litigation with the United States Government. Although Synopsys claims that this level of protection is inadequate, this is belied by the fact that Synopsys has not insisted on any similar protections on the hard copy sections of the code that it will produce! The fact that Synopsys will produce the source code in hard copy without these extraordinary restrictions, but insists on preventing Ricoh's attorneys and experts from accessing the source code in electronic form (in which it can be tested) except in a Synopsys facility, reflects an inconsistent approach to its purported security concerns. Clearly, Synopsys is not adverse to producing the source code, but only seeks to erect obstacles to an effective examination of what it is prepared to produce.

The legitimacy of Synopsys' concern in its cross-motion is further suspect due to a second position taken by Synopsys. Counsel for the parties had previously expressly agreed that three experts

1 from each party would have access to the source code.¹ Without acknowledging the fact, however,
 2 Synopsys' proposed protective order secretly and unilaterally dropped that number of Ricoh experts
 3 having access from three to one. This reduction would cause a tremendous prejudice to Ricoh.
 4 Synopsys' sleight of hand raises a question as to the veracity of the other statements in Synopsys'
 5 opposition, especially after Synopsys secretly persuaded Dr. Thomas to switch sides.²

6 In light of the Court's Order of January 21, 2004 (since withdrawn), a revised Ricoh proposed
 7 protective order is submitted herewith. In paragraphs 14 and 26, it incorporates the detailed instructions
 8 and time limit that the Court set forth in that Order. No other changes have been made.

9 II. FACTS

10 The present Declaratory Judgment action is related to a patent infringement action (the
 11 "Delaware case") filed by Ricoh against a group of ASIC manufacturers in Delaware (which has been
 12 subsequently transferred to this Court and is pending as docket number C03-4669 MJJ). While a
 13 Protective Order had been agreed to and entered by the Delaware Court, Synopsys now seeks to change
 14 that Protective Order. In a spirit of compromise, Ricoh has worked with Synopsys and resolved all
 15 issues with the exception of one (although, Synopsys has now slipped in a second issue as indicated
 16 above).

17 1. The Parties' Differences Regarding the Location of the Source Code

18 Other than the new issue of the number of experts, the parties had negotiated all but one
 19 provision of the protective order in this case. The only unresolved issue is the definition of a secure
 20 facility to be used for secure storage of the electronic version (but not the print version) of the source
 21 code to permit the unfettered and unobserved examination and testing of alleged infringing software and
 22 any other source code.

23 Under Ricoh's proposal for its protective order, Synopsys would provide and Ricoh would
 24 maintain the electronic version of the source code in a secure facility. Ricoh has proposed a secure
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26
 27 ¹ Ricoh originally had not wanted any restriction on the number of experts but in reaching a compromise
 28 with Synopsys had agreed to be limited to three experts being able to view the software.

² See Ricoh's pending motion for sanctions.

1 facility as a location within the confines of the Washington, DC office of Dickstein Shapiro Morin &
2 Oshinsky, LLP, Ricoh's attorneys of record. Ricoh's proposed facility would comprise a non-networked
3 computer in a locked room within the law office. (DSMO letter 11/20/03, Ex. 1). The law firm, in
4 addition to providing control over its offices in general, would additionally control access to the room
5 and access to the source code. This approach allows Ricoh's counsel and experts (under the protective
6 order) unfettered, unhindered, and unobserved access to the software while still safeguarding and
7 maintaining the confidentiality of the source code.

8 There is some significance to the fact that the Dickstein Shapiro firm is well versed in
9 maintaining confidential documents and software. Dickstein Shapiro uses the same type of software and
10 access protections as outlined in the Synopsys declarations. Dickstein Shapiro in its offices has obtained
11 and kept restricted access to secret governmental documents and/or software in various litigations
12 involving government contracts or other issues. Dickstein Shapiro also has obtained and kept restricted
13 access in its offices to secret or otherwise confidential documents and/or software in a large number of
14 private litigations. Contrary to the implications being raised by Synopsys, no source code has ever been
15 misappropriated from a Dickstein Shapiro facility. (Weinstein Decl.)

16 Under Synopsys' proposal, Synopsys would make available and maintain Synopsys source code
17 in a secure facility defined as Synopsys' SURF, a Synopsys facility that is under the authority and
18 control of Synopsys in Mountainview, California or another "SURF-like" Synopsys facility in Bethesda,
19 Maryland. (Howrey letter 12/7/03, Ex. 2). This proposal is unworkable because it significantly affects
20 and limits Ricoh's counsel and experts unfettered, unhindered, and unobserved access to the software.
21 Although one Synopsys' facility may be open 24/7 and the other facility in Bethesda is open during
22 business hours, both facilities observe, monitor, and selectively authorize persons visiting the Synopsys
23 facility. Attaining hard-copy printouts while at the facility is subject to the scrutiny (and permission) of
24 Synopsys. Therefore, any print-outs of tests of Synopsys software that are conducted will be
25 immediately known and seen by Synopsys.³ Synopsys will also be cognizant of which sections of
26
27

28 ³ While Synopsys is correct that eventually Ricoh must identify all materials relied upon by its experts, this identification takes place when the expert reports are provided and not throughout the litigation

Synopsys software is being printed out because it is the only one who can do the printing. As the Synopsys program is presumed to be large, examination of the code will take a significant amount of time. Examination of the software may require additional software tools to help experts identify the functionality and inter-operability of the software. As indicated in Van Nguyen's affidavit, Synopsys uses monitoring software, Clearcase, to observe, control, and track access to Synopsys software. (See Nguyen Affidavit, Ex.3). This, and/or similar types of control mechanisms, will provide and enable Synopsys the awareness of Ricoh's counsel's and experts' activities during their examination of the Synopsys code. Synopsys' actions not only prevent Ricoh's counsel and experts unfettered, unhindered, and unobserved access to the software, but their actions also would clearly invade the attorney work product privilege.

2. Synopsys' Undisclosed Change to the Number of Experts

Synopsys has changed its position on the number of experts that would be permitted access to the software. The parties had previously agreed that three (3) experts would be allowed to access the code. (See Weinstein Decl.). Without ever mentioning the issue in its brief, Synopsys' proposed protective order, however, permits only one expert to access to the software. But for a close comparison of the Ricoh's and Synopsys' proposed protective orders, this change would not have been spotted.⁴

III. ARGUMENT

ADOPTION OF RICOH'S PROVISION REGARDING THE PROTECTION OF SOURCE CODE IS WARRANTED.

1. Confidential material should be protected

No one disputes that confidential material should be protected. Cases cited by Synopsys confirm that courts are inclined to grant protective orders to protect a party's confidential material. The only disagreement here is one aspect of how the confidential material should be protected.

In the instant case, Synopsys intentionally placed its software at issue. Synopsys contends that it

every time Ricoh's counsel looks at or copies a document. Synopsys should have no right to look over the shoulder of counsel for Ricoh and watch them work.

⁴ Giving Synopsys the benefit of the doubt, it is conceivable that this could have simply been a stenographical error.

1 filed the declaratory judgment case since it ‘arises from’ Ricoh’s patent infringement suit on the ‘432
2 patent against certain manufacturers of ASICs (the ASIC defendants) and the Synopsys source code
3 involved is the same in both actions. In both actions, one issue relates to the use of the Synopsys
4 software as part of a manufacturing process that infringes U.S. Patent number, 4,932,432. Therefore,
5 not only is the Synopsys software, in both its executable and source code form, relevant to the instant
6 case, but it is also relevant to the determination of infringement. The source code is needed in order to
7 be able to view the code and understand how the program is structured. The executable code is
8 important because it is needed to test how the program works. Synopsys does not dispute the relevance
9 of the source code.

10 The parties agree that the Synopsys Design Compiler source code is confidential and should be
11 protected. However, the protected confidential material still needs to be subject to restrictions which are
12 reasonable.

13 Where software source code has been found to be both relevant and necessary in a case, the court
14 must balance one party’s need for information with the other party’s interest in maintaining the
15 confidentiality of the source code. In this case, there is a need for information that comes from access to
16 the electronic version of the source code (and a hard copy of portion may be needed for further detailed
17 review).⁵ It is relevant and necessary to access the Synopsys source code to determine the functionality
18 of the program. An appropriate protective order can satisfy both parties, *Hartman v. Remington Arms*,
19 143 F.R.D. 673 (W.D. Mi 1992). By offering to allow representatives of Ricoh to have access to the
20 code under a protective order, Synopsys concedes that its concerns about confidentiality are not
21 necessarily directed towards Ricoh (or its representatives). Synopsys’ real concerns are about third
22 parties getting access to the software.

23 2. Synopsys’ source code is relevant and must be disclosed

24 Synopsys overlooks its responsibility under the Patent Local Rules. Patent L.R. 3-4 “Document
25 production Accompanying Preliminary Invalidity Contentions” establishes several different types of
26 documents that must be produced as part of a patent suit. The Rule recognizes and specifically
27

28 ⁵ Synopsys has not insisted that the hard copies be kept under the same “lock and key” security.

1 enunciates that source code is to be produced. (Patent L. R. 3-4) Synopsys is intentionally trying to
2 remove itself from, or avoid, the requirements under the Rules. Even the model stipulated protective
3 order provided by the Court does not unduly restrict access to confidential source code. The model does
4 not expressly or impliedly treat confidential source code any different from any other type of
5 confidential material.

6 Synopsys asserts that with respect to security, its facilities are beyond approach. But, regardless
7 of how sophisticated, affluent, or large Synopsys' security system is, it does not negate the security of a
8 locked facility within Dickstein Shapiro. Synopsys, in its opposition motion, spent a great deal of time
9 to suggest the extreme measures it takes to safeguard its code. According to the statement of Nguyen,
10 Synopsys spends one-fifth of its operating costs on security. (See Nguyen Decl., Ex. 3) Synopsys also
11 employs many physical and technical measures to safeguard code. But, however much Synopsys may
12 toot its own horn about how good its facilities are or how much money its spends on security, that does
13 not correlate with the proposition that protection is not available from the law offices of Ricoh's
14 counsel. Synopsys simply offers its conclusion that a locked facility within Dickstein Shapiro is not
15 safe. Synopsys fails to indicate why that it is in fact not safe. Dickstein Shapiro does not simply offer a
16 locked door in a building—its offices as a whole are under a security system controlled by Dickstein
17 Shapiro, not the building. The locked office is a secured room within a secured facility (offices). The
18 computer can be password protected to add yet another layer of security. Although the Dickstein
19 Shapiro office facility is not under Synopsys' control, that does not mean that the facility offered by
20 Dickstein Shapiro is not secure. Additionally, the protection for the hard copy printout that Synopsys
21 proposes would be subject to much less security.⁶ Synopsys has not proffered an objection to a print
22 version of its source code sitting on an attorney's desk, out in the open, in the very same offices in which
23 the locked room is located.

24 Synopsys simply wants to maintain exclusive control of the access to its electronic source code
25 and the inspection by Ricoh's counsel and experts. By maintaining supervision and oversight of the
26

27 ⁶ As admitted by Synopsys, "with the advent of bulk scanning and optical character recognition, it is not
28 impossible to convert paper copies of source code back into an electronic format." (See Opposition
Motion, page 7, footnote 2)

1 facility that is suggested by Synopsys (the SURF facility it owns and controls), Synopsys desires to
2 pierce the work product privilege. By regulating who can access the code and when they access the
3 code, Synopsys, at the very least, is trying to invade Ricoh's work product privilege. Synopsys'
4 approach to providing access to the software does not provide Ricoh's counsel or experts unfettered,
5 unobserved access to the code. For example, Synopsys' motion describes the layers of access restriction
6 that exists that must be navigated for a person just to gain entry to the Synopsys facility. Further,
7 Ricoh's access is further restricted in that Synopsys will only provide printouts after Ricoh's
8 identification of the desired sections. Again, this approach does not allow an expert to investigate the
9 software code without oversight as this approach does not allow "unfettered access" to the code, but only
10 access to portions selected under the watchful eye of Synopsys.

11 Presumably, the Synopsys source code is rather lengthy. Therefore, an expert's analysis of the
12 code may require a significant amount of time to study and understand the program flow and operational
13 elements. Lengthy code is often more easily analyzed using a computer rather than examining the code
14 solely on paper. Additionally, software analysis tools may be required as part of the analysis process.
15 Synopsys asserts that in its brief that it is against the Ricoh protective order because it 'would require
16 Synopsys to "surrender control over a complete copy of the source code for its most important product
17 to Ricoh, an adverse party.'" Synopsys is wrong. Nowhere does Ricoh's protective order provide or
18 allow for the source code to be accessed by other than certain individuals. Under Ricoh's proposal,
19 Synopsys gets more protection than provided by the prototype protective order promulgated by this
20 Court. Synopsys' source code would be on a single, stand-alone (non-networked) computer in a locked
21 room located in the offices of Ricoh's counsel and access to the room would be under the control of a
22 Ricoh attorney. The Ricoh proposal also ensures the protection of Ricoh's privileged attorney work
23 product.

24 Traditional discovery procedure does not allow Synopsys to choose what sections of the code to
25 provide. Synopsys cannot selectively choose what sections of the code it believes are relevant and only
26 produce those sections—Synopsys must make the entire program available. Ricoh's counsel and experts
27 must be able to determine what code sections they feel are relevant to the allegations. Synopsys should
28 not "in any event" know what sections of code that Ricoh would like made available for its review. Nor

1 is it reasonable to expect Ricoh to have to approach Synopsys each time it desires a printout and then
2 wait “a reasonable time” (whatever that means) for it to be produced.⁷

3 Ricoh’s proposal is not only based on a reasonable approach for effectuating a reasonable
4 examination of the Synopsys program, but it also addresses legitimate concerns. Contemporaneously
5 pending with this motion is Ricoh’s motion for sanctions. Ricoh’s other motion addresses the
6 impropriety of Synopsys’ actions demonstrated in the early days of the related case—the transferred
7 case. That motion, in short, regards Synopsys’ counsel aggressively seeking information and advice
8 from an expert while knowing the expert had previously been retained by Ricoh. Therefore, Ricoh’s
9 concerns are not “fantastic speculation” and are not simply based on the adversarial nature of litigation,
10 but also derived from the prior actions of Synopsys.

11 Furthermore, the content of the protective order in the related case is relevant. Even if Synopsys
12 desires that an infringement determination and therefore the examination of the source code be
13 addressed in this action, that does not preclude the reality that the ultimate determination of infringement
14 by the Delaware defendants will occur in the *Ricoh v. Aeroflex et al.* case. Further, Synopsys is
15 intimately involved in both cases, in the instant case as the plaintiff and in the ASIC defendant case
16 where Synopsys controls the actions of the ASIC Defendants and Synopsys has been subpoenaed as a
17 third party. Neither Synopsys nor Ricoh “won” this issue; the issue was deferred due to the transfer of
18 the Delaware case to California. Synopsys still has an obligation to provide source code in the
19 transferred case.

20 The content of the protective order in the related case is also relevant because it was a common
21 ground for agreement between the parties. As seen in the letter of November 7, 2003, Synopsys’
22 counsel agreed to use of the Delaware case Protective Order as long as it was amended to include and
23 address its concerns about the production of Synopsys source code. (See Ex. 2, letter Nov. 7, 2003).
24 Therefore, both sides agreed to use of the Delaware case Protective Order, but could not completely
25 agree as to source code provision.

26
27 ⁷ This process of waiting for (approval and production of) printouts could conceivably unnecessarily
28 delay and frustrate Ricoh’s discovery in these actions, all playing into Synopsys’ threat to make the
litigation long and expensive.

1 Even the case law cited in Synopsys' brief makes clear that source code will be disclosed. In
 2 *Dynamic Microprocessor v. EKD*, 919 F.Supp 101 (E.D.N.Y. 1996) source code was the subject matter
 3 of the dispute. Even though the source code was found to be a trade secret, the court ordered the
 4 production of the source code in dispute under the guidelines of the protective order in the case.⁸ In
 5 another case to which Synopsys refers, the court ordered the production of the source code in dispute. In
 6 *Adobe Systems v. Macromedia*, 2001 U.S. Dist. LEXIS 18630 the Court ordered that printed copies be
 7 provided instead of production by encrypted code. The court did not otherwise restrict or limit the
 8 production to less than the entirety of the code.

9 Additionally, contrary to Synopsys' interpretation of the local rules, Ricoh does not have an
 10 obligation to produce any document or other information pursuant to Patent L.R. 3-1 – this case is
 11 declaratory judgment action where there are no pending claims of infringement filed by Ricoh. (See
 12 Patent L. R. 3-5.) Ricoh will identify the sections of code it is relying after receiving and examining the
 13 entirety of the Synopsys program at the appropriate time during discovery.⁹

14 **3. At least three experts should be allowed access to source code**

15 The parties had previously agreed on three experts having access to the other party's confidential
 16 source code and confidential documents. Although Ricoh initially preferred five (5) experts and
 17 Synopsys preferred only one (1), the parties reached a compromise and agreed on the use of three (3)
 18 experts. (See Weinstein Decl.). Three experts were determined to be a fair balance in light of the size
 19 of the program and the differing roles of the experts. Synopsys Design compiler is presumed to be a
 20 relatively large program. The analysis of the code may require team work to perform effectively and
 21 within a reasonable time. Different experts may be utilized by Ricoh, e.g., at least one that may be a
 22 testifying expert, another expert may serve as a consulting expert, and a third expert may be used to help
 23 expedite the analysis.

24
 25
 26 ⁸ Note that the court placed no restrictions on the amount of source code to be produced, i.e., no partial
 production of the code. "The Source codes shall be produced" (*Dynamic*, at 11).

27 ⁹ As this is a Declaratory Judgment action without any claims for infringement, Ricoh is under no
 28 obligation to provide an infringement analysis. (See Patent L. R. 3-5 which obviates the requirement to
 produce infringement analysis under Patent L.R. 3-1)

IV. CONCLUSION

Ricoh respectfully requests that this Court adopt its proposed protective order, which incorporates Ricoh's provision for the protection of source code so that it can have fair access to the software without invading the attorney work product privilege. Ricoh also seeks approval of the provision allowing for three experts to access the Synopsys code.

Dated: January 27, 2004

Respectfully submitted,

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